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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/816,325

03/31/2004

Nigel King

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YOUNG LAW FIRM, P.C.

4370 ALPINE RD.

STE. 106

PORTOLA VALLEY, CA 94028

EXAMINER

MANSFIELD, THOMAS L

ART UNIT

PAPER NUMBER

3624

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/816,325	Applicant(s) KING, NIGEL	
	Examiner THOMAS MANSFIELD	Art Unit 3624	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 31 March 2004.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-15 is/are pending in the application.
- 4a) Of the above claim(s) 11-15 is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-10 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 31 March 2004 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>31 March 2004</u> . | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Status of Claims

1. This First Office action is in reply to the application filed on 31 March 2004.
2. Claims 1-15 are subject to election/restriction requirement.
3. Claims 1-10 have been selected without traverse.
4. Claims 11-15 have been withdrawn from further consideration.
5. Claims 1-10 are currently pending and have been examined.

Election/Restrictions

6. Claims 11-15 are withdrawn from further consideration pursuant to 37 CFR 1.142(b) as being drawn to a nonelected invention, there being no allowable generic or linking claim. Election was made **without** traverse in the reply filed on 17 March 2009 by Applicant's representative, Alan Young, Reg. No. 37,970.
7. The inventions are independent or distinct, each from the other because:
8. Inventions I (Claims 1-10, classified in class 705, subclass 10) and II (Claims 11-15, classified in class 705, subclass 7) are related as subcombinations disclosed as usable together in a single combination. The subcombinations are distinct if they do not overlap in scope and are not obvious variants, and if it is shown that at least one subcombination is separately usable. In the instant case, subcombination I has separate utility such as a method for deciding whether to make an item in-house or to buy the item from outside suppliers. Subcombination II has separate utility such as determining an optimal timing for implementing an engineering change order that replaces a more expensive component with a less expensive component and does not require launching a workflow to enforce a series of steps for arriving at the make or buy decision. See MPEP § 806.05(d).

The examiner has required restriction between subcombinations usable together. Where applicant elects a subcombination and claims thereto are subsequently found allowable, any claim(s) depending from or otherwise requiring all the limitations of the allowable subcombination will be examined for patentability in accordance with 37 CFR 1.104. See MPEP § 821.04(a). Applicant is advised that if any claim presented in a continuation or divisional application is anticipated by, or includes all the limitations of, a claim that is allowable in the present application, such claim may be subject to provisional statutory and/or nonstatutory double patenting rejections over the claims of the instant application.

9. Restriction for examination purposes as indicated is proper because all these inventions listed in this action are independent or distinct for the reasons given above and there would be a serious search and examination burden if restriction were not required because one or more of the following reasons apply:

- (a) the inventions have acquired a separate status in the art in view of their different classification;
- (b) the inventions have acquired a separate status in the art due to their recognized divergent subject matter;
- (c) the inventions require a different field of search (for example, searching different classes/subclasses or electronic resources, or employing different search queries);
- (d) the prior art applicable to one invention would not likely be applicable to another invention;
- (e) the inventions are likely to raise different non-prior art issues under 35 U.S.C. 101 and/or 35 U.S.C. 112, first paragraph.

If claims are added after the election, applicant must indicate which of these claims are readable upon the elected invention.

Claim Rejections - 35 USC § 101

10. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

11. Claims 1-8 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claim 1 is directed toward the statutory category of a process. In order for a claimed process to be patentable subject matter under 35 U.S.C. § 101, it must either: (1) be tied to a particular machine, or (2) transform a particular article to a different state or thing. See *In Re Bilski*, 88 U.S.P.Q.2d 1385 (2008); *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972). If neither of these requirements is met by the claim, the method/process is not patentable subject matter under § 101. Thus, to qualify as a statutory process under § 101, the claim should positively recite the machine to which it is tied (e.g. by identifying the apparatus that accomplishes the method steps), or positively recite the subject matter that is being transformed (e.g. by identifying the material that is being changed to a different state). Nominal recitations of structure in an otherwise ineligible method fail to make the method a statutory process. See *Benson*, 409 U.S. at 71-72. Thus, incidental physical limitations such as insignificant extra-solution activity and field of use limitations are not sufficient to convert an otherwise ineligible process into a statutory one. Here, the claimed process fails to meet the above requirements for patentability under § 101 because it is not tied to a particular machine and does not transform underlying subject matter. Claims 2-8 depend from Claim 1 and are also rejected for the same rationale.

Claim Rejections - 35 USC § 103

12. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

13. Claims 1-10 are rejected under 35 U.S.C. 103(a) as being unpatentable over Srinivasan et al. (Srinivasan) (U.S. 6,895,382) in view of Rush et al. (Rush) (U.S. 6,119,102).

With regard to Claims 1, 9, and 10, Srinivasan teaches a computer-implemented method, system, and computer-readable medium for deciding whether to make an item (application (or suite of applications), business process) in-house or to buy the item from outside suppliers (to assess a business process or application to determine whether it can be developed or supported (i.e., outsourced) from a remote location)), comprising: launching a workflow (waterfall method) to enforce a series of steps for arriving at the make or buy decision (see at least column 8, lines 17-46), the series of steps including:

- generating a market specification (Selection criteria) describing the item to be made in-house or purchased from outside suppliers (see at least column 8, lines 17-46 and Table 1).
- estimating a market volume (deliverables) for the item described in the market specification (see at least column 2, lines 10-31).
- deriving a materials requirement plan (high level system design, low level system design) from the generated market specification and the estimated market volume (see at least column 2, lines 31-59).

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- estimating a unit cost (Rates) for producing the item in-house (in-house Rate) and determining a unit opportunity cost from the established purchase price to buy the item and the estimated in-house unit cost (cost/benefit analysis, financial feasibility) (see at least column 2, lines 31-59 and column 26, lines 18-67 and 1.4 STAFF TRANSITION MATRIX).
- extending the unit opportunity cost (inflation figure, uplifts, adders and overheads) by the quantity of the item specified in the material requirement plan to determine a gross opportunity cost (see at least column 26, line 18 through column 28, line 9 and 1.4 STAFF TRANSITION MATRIX).
- estimating a cost of acquiring a production capacity to produce the item in-house, and determining to make the item in-house if a net present value (Net Rates) of the gross opportunity cost is more than the estimate cost of acquiring the production capacity (financial feasibility of the proposed outsourcing initiative [sic]), otherwise determining to buy the item from at least one of the outside suppliers (see at least column 25, line 1 through column 28, line 9 and 1.4 STAFF TRANSITION MATRIX).

Srinivasan does not specifically teach developing an engineering specification defining the item from the generated market specification. Rush teaches developing an engineering specification defining the item from the generated market specification (item master extension file) in analogous art of manufacturing supply and demand for the purposes of, "to store most of the data relative to items, or parts" (see at least column 4, lines 42-67).

It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the manufacturing supply and demand method as taught by Rush with the method for implementing an off shore/off site activity of Srinivasan. One of ordinary skill in the art would have been motivated to do so for the benefit of improving MRP regeneration times (Rush, column 4, lines 43-67).

Srinivasan does not specifically teach establishing a purchase price to buy the item. Rush teaches establishing a purchase price (price information (for parts which are purchased)) to buy the item in analogous art of manufacturing supply and demand for the purposes of, "to store most of the data relative to items, or parts" (see at least column 4, lines 42-67).

It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the manufacturing supply and demand method as taught by Rush with the method for implementing an off shore/off site activity of Srinivasan. One of ordinary skill in the art would have been motivated to do so for the benefit of improving MRP regeneration times (Rush, column 4, lines 43-67).

With regard to Claim 2, Srinivasan teaches wherein the materials requirement plan (Milestones in a Conversion Life Cycle, Tables 3A and 3B) includes a bill of materials detailing components and sub-components (various components) needed to build the item, current inventory (project inventory) of the components and sub-components (I:O = in-house: Outsourced) and an amount of the components and sub-components that must be purchased (I:O = in-house: Outsourced), phased over time (Per Phase) (see at least column 5, lines 3-45, column 7, lines 1-7, and column 13, line 61 through column 18, line 48).

With regard to Claim 3, Srinivasan does not specifically teach wherein the engineering specification includes a technical description of the item and of any tooling, plant layout and materials needed to produce the item. Rush teaches wherein the engineering specification includes a technical description of the item and of any tooling (tooling) (see at least column 8, lines 4-22), plant layout (setup, production, move, queue) and materials (Gross Requirements) needed to produce the item in analogous art of manufacturing supply and demand for the purposes of, "items on a sales order or job order" (see at least column 3, line 26 through column 4, line 42).

It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the manufacturing supply and demand method as taught by Rush with the method for implementing an off shore/off site activity of Srinivasan. One of ordinary skill in the art would have been motivated to do so for the benefit of uniquely identifying items such as non-MRP item data sets (Rush, column 3, lines 26-52).

With regard to Claim 4, Srinivasan teaches:

- determining whether an item matching or substantially matching requirements defined in the engineering specification (Selection criteria, Selection Parameters) is available (availability of resources or cost) from the outside suppliers (see at least column 8, line 39 through column 12, line 65 and Tables 1 and 2).
- placing the item defined in the engineering specification up for bid (Special Bids, Bid Edits) by the external suppliers (see at least column 35, lines 3-15).

With regard to Claim 5, Srinivasan teaches further including a step of carrying out a financial justification calculation (financial feasibility), the financial justification calculation being a difference between the net present value of the gross opportunity costs and the estimated cost of acquiring the production capacity to produce the item in-house (see at least column 25, line 1 through column 28, line 9 and 1.4 STAFF TRANSITION MATRIX).

With regard to Claim 6, Srinivasan teaches wherein when it is determined to make the item in-house, further carrying out a step of scoring the gross opportunity cost according to how aligned making the item in-house is with non-financial criteria (Skills Matrix) (see at least column 25, line 1 through column 28, line 9 and 1.4 STAFF TRANSITION MATRIX).

With regard to Claim 7, Srinivasan teaches wherein the step of estimating the unit cost for producing the item in-house includes at least one of a cost of a plant and equipment (plant machinery or equipment) needed to manufacture the item (Real time systems), a factory layout cost and a building cost (see at least column 12, line 31 through column 13, line 12).

With regard to Claim 8, Srinivasan teaches wherein the non-financial criteria include process technology advantage (cutting edge technology), tooling technology advantage (cutting edge tools), volume and intellectual property protection (intellectual property concerns) (see at least column 11, line 29 through column 13, line 12).

Conclusion

14. The following prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

- Baseman et al. (U.S. Pub. No. 2004/0059627) discloses a method for integrated supply chain and financial management.
- Seal et al., "Enacting a European supply chain: a case study on the role of management accounting", Management Accounting Research, 1999, 10, 303-322, discloses two manufacturing companies that were considering the establishment of a strategic supply partnership including the make-or-buy decision and strategic alliances/partnerships.

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Any inquiry concerning this communication or earlier communications from the examiner should be directed to THOMAS MANSFIELD whose telephone number is (571)270-1904. The examiner can normally be reached on Monday-Thursday 8:30 am-6 pm, alt. Fridays.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Bradley Bayat can be reached on 571-272-6704. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/T. M./
Examiner, Art Unit 3624

25 March 2009
Thomas Mansfield

/Beth V. Boswell/
Supervisory Patent Examiner, Art Unit 3623